

HOUSE BILL NO. 770

INTRODUCED BY D. GALLIK

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE MINIMUM CORPORATION LICENSE TAX AND INCOME TAX FROM \$50 TO \$200; AMENDING SECTION 15-31-121, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-31-121, MCA, is amended to read:

"15-31-121. Rate of tax -- minimum tax -- distribution of revenue. (1) Except as provided in subsection (2), the percentage of net income to be paid under 15-31-101 is 6 3/4% of all net income for the tax period.

(2) For a taxpayer making a water's-edge election, the percentage of net income to be paid under 15-31-101 is 7% of all taxable net income for the tax period.

(3) Each corporation subject to taxation under this part shall pay a minimum tax of not less than ~~\$50~~ \$200.

(4) For fiscal year 2005, the tax collected from water's-edge corporations must be deposited as follows:

(a) \$375,000 in the state special revenue fund to the credit of the department of public health and human services for state matching funds to maximize federal funds for medicaid health services; and

(b) the balance in the state general fund."

NEW SECTION. **Section 2. Effective date.** [This act] is effective on passage and approval.

NEW SECTION. **Section 3. Retroactive applicability.** [This act] applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 2004.

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